

**BANK PLAN SUPPORT AGREEMENT**

## **LOCK-UP AGREEMENT**

Reference is made to the **CREDIT AND GUARANTY AGREEMENT**, dated as of February 3, 2000 (such agreement as amended, supplemented or otherwise modified from time to time, the "**Credit Agreement**"), among **XO COMMUNICATIONS, INC.** (formerly, **NEXTLINK Communications, Inc.**), a Delaware corporation (the "**Company**"), **CERTAIN SUBSIDIARIES OF THE COMPANY**, as Guarantors, **VARIOUS LENDERS** (each individually referred to herein as a "**Lender**" and collectively as the "**Lenders**"), **TORONTO DOMINION (TEXAS), INC.**, as Administrative Agent (in such capacity, "**Administrative Agent**"), **BARCLAYS BANK PLC** and **JPMORGAN CHASE BANK** (formerly known as The Chase Manhattan Bank), as Co-Documentation Agents (in such capacity, each a "**Co-Documentation Agent**"), **GOLDMAN SACHS CREDIT PARTNERS L.P. ("GSCP")** and **TD SECURITIES (USA) INC.**, as Co- Lead Arrangers, and **GSCP**, as Syndication Agent (in such capacity, "**Syndication Agent**").

Reference is also made to the **FOREBEARANCE AGREEMENT TO CREDIT AND GUARANTY AGREEMENT**, dated as of December 14, 2001 (the "**Forebearance Agreement**"), by and among the Company, the Credit Support Parties signatories thereto, certain Lenders signatories thereto, the Administrative Agent, the Co-Documentation Agents and the Syndication Agent.

Reference is also made to the **STOCK PURCHASE AGREEMENT**, dated as of January 15, 2002 (the "**Stock Purchase Agreement**"), among the Company, **FORSTMANN LITTLE & CO. EQUITY PARTNERSHIP VII, L.P. ("Forstmann Little Equity")**, **FORSTMANN LITTLE & CO. SUBORDINATED DEBT AND EQUITY MANAGEMENT BUYOUT PARTNERSHIP VIII, L.P. ("Forstmann Little Buyout"** and, with Forstmann Little Equity, "**Forstmann Little**"), and **TELEFONOS de MEXICO, S.A. de C.V. ("Telmex"** and, with Forstmann Little, the "**Investors**" or, individually, an "**Investor**").

This Lock-Up Agreement (this "**Agreement**"), dated as of June \_\_, 2002, is by and among (a) each of the undersigned participants to the Credit Agreement (each a "**Consenting Participant**" and, collectively, the "**Consenting Participants**"), (b) the Company and (c) **XO MANAGEMENT SERVICES, INC. ("XO Management")** and sets forth the terms and conditions under which each of the parties hereto have agreed to act in connection with a potential restructuring of the Company.

## RECITALS

A. The Investors and the Company have entered into the Stock Purchase Agreement which has been proposed to serve as the basis for a recapitalization of the Company. Pursuant to Section 5.2(k) of the Stock Purchase Agreement, a condition (among others) to the Investors' obligations to close under the Stock Purchase Agreement is that the Credit Agreement (as amended) be in a form "reasonably acceptable" to each Investor. A copy of the Stock Purchase Agreement is attached as **Exhibit A** hereto.

B. A steering committee representing the Lenders (the "**Steering Committee**"), the Company and the Investors have engaged in good faith negotiations with the objective of reaching an agreement regarding the terms of amending the Credit Agreement in order to satisfy the condition set forth in Section 5.2(k) of the Stock Purchase Agreement (the "**Restructuring Negotiations**").

C. The Restructuring Negotiations resulted in an agreement in principle, subject to obtaining credit committee approvals, among the Steering Committee, the Company and the Investors of the terms of an amended credit agreement that would be acceptable to the Investors as set forth in the term sheet attached as **Exhibit B** hereto (the "**Bank Amendment Term Sheet**").

D. Accordingly, on February 26, 2002, the Steering Committee presented to the Lenders the terms of a restructuring of the Company, as set forth in the Bank Amendment Term Sheet and the Stock Purchase Agreement. In general terms, and as more completely set forth in the Bank Amendment Term Sheet and the Stock Purchase Agreement, as shall be amended consistent with the terms hereof, the restructuring contemplates at a contemporaneous closing, among other things, (i) the Investors investing \$800 million in the Company (the "**Investment**"), (ii) the Company using up to \$200 million in connection with the Restructuring (as defined below), (iii) the Company, the Lenders and the other parties to the Credit Agreement entering into an agreement that modifies the Credit Agreement consistent with the Bank Amendment Term Sheet, (iv) the Company undertaking a recapitalization which results in the capitalization of the Company (without giving effect to the grant of options to management of the Company) being as follows: (x) 80% distributed to the Investors, (y) 18% distributed to the holders of the Company's senior notes (the "**Senior Noteholders**") and (z) 2% distributed to the management of the Company (the "**Restructuring**"), all pursuant to a confirmed plan of reorganization as further described herein.

E. Each of the Consenting Participants has, subject to the terms and conditions of this Agreement, (i) accepted the terms of the Bank Amendment Term Sheet and the Restructuring and (ii) agreed to (x) accept amendments to the Credit Agreement and related documents that, in their entirety, incorporate fully the terms and conditions of the Bank Amendment Term Sheet and (y) vote to accept any plan of reorganization that incorporates fully the terms and conditions of the Restructuring, the Bank Amendment Term Sheet and the Stock Purchase Agreement, pursuant to Bankruptcy Code section 1126.

F. The Investors have agreed to close on the Investment, subject to the terms and conditions set forth in the Stock Purchase Agreement.

G. To implement this Agreement, it is anticipated that the Company will (i) file a voluntary petition for relief under chapter 11 of the Bankruptcy Code, 11 U.S.C. ' ' 101-1330 (as amended, the "**Bankruptcy Code**") (such case commenced thereby, the "**Chapter 11 Case**" and the date on which the Chapter 11 Case is filed, the "**Filing Date**"), in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") and (ii) file a reorganization plan (as amended, the "**Plan**" and all documentation implementing the Plan, the "**Plan Documents**") and an accompanying disclosure statement (the "**Disclosure Statement**") that incorporate and implement fully the terms and conditions of the Restructuring, including without limitation, the Bank Amendment Term Sheet and the Investment.

## AGREEMENT

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein and in the Bank Amendment Term Sheet and the Stock Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned hereby agree as follows:

1. Conditions Precedent to the Agreement. The obligations of the Consenting Participants to act in accordance with Section 2 hereof are expressly conditioned upon:

- (i) the Company and XO Management executing this Agreement;
- (ii) the Company having delivered a budget (the "Budget") to the Administrative Agent, in a form acceptable to the Administrative Agent, that shows the uses of cash by the Company and its subsidiaries and affiliates for the first 180 days following the date of this Agreement and which is updated on a biweekly basis to cover the next 180 days and includes actual results compared to the prior budgeted period to ensure the Company and its subsidiaries and affiliates are in compliance with the Budget; and
- (iii) all fees and expenses of the Administrative Agent and all Lenders (including those of their respective counsel and financial advisors) to which such persons are entitled pursuant to the Credit Agreement for which documentation thereof has been submitted to the Company at least one business day prior to the Filing Date shall have been paid in full by the Company.

2. Acceptance of the Restructuring.

(a) Each of the undersigned Consenting Participants hereby accepts the terms and conditions of the Restructuring and agrees to vote to accept any plan of reorganization, whether on a prepackaged or prearranged basis, that incorporates the terms and conditions of the Restructuring, the Bank Amendment Term Sheet and the Stock Purchase Agreement, pursuant to Section 1126 of the Bankruptcy Code.

(b) As long as this Agreement and the Stock Purchase Agreement both remain in effect, and subject to Section 2(c), each Consenting Participant agrees that it will not (i) object to, delay, impede or take any other action to prevent the acceptance, confirmation or implementation of the Plan or otherwise commence any proceeding to oppose or alter the Plan or the Plan Documents to the extent the Plan and the Plan Documents are not inconsistent with the terms and conditions set forth in the Bank Amendment Term Sheet; (ii) exercise any of its remedies against any Subsidiary of the Company that is not a party to the Chapter 11 Case ; (iii) vote for, consent to, support, encourage or participate, directly or indirectly, in the formulation of any other plan of reorganization or liquidation proposed or filed or to be proposed or filed in the Chapter 11 Case; (iii) directly or indirectly seek, solicit, support, vote for, consent to or encourage any other plan, sale, proposal or offer of dissolution, winding up, liquidation, reorganization, merger or restructuring of the Company or any of its subsidiaries that could reasonably be expected to prevent, delay or impede the successful restructuring of the Company as contemplated by the Plan or the Plan Documents; (iv) object to, delay, impede or take any other action to prevent approval of, the disclosure statement or the solicitation of consents to the Plan; or (v) take any other action that is inconsistent with the Plan or the Plan Documents, or that would delay confirmation of, the Plan.

(c) Nothing contained in this Agreement shall be construed to prohibit any party hereto from developing or negotiating one or more plans of reorganization intended to serve as contingency plans in the event (and only in the event) that the Stock Purchase Agreement is terminated in accordance with its terms or otherwise not consummated, or from including such a contingency plan in the Plan and Disclosure Statement on that basis.

3. Agreement to Seek Confirmation under Bankruptcy Code Section 1129. Pursuant to this Agreement and the Stock Purchase Agreement, (i) the Company will as soon as reasonably practicable (a) commence a Chapter 11 Case, (b) file the Plan and Disclosure Statement according to the terms set forth in Recital D supra, and (c) use all of its best efforts to pursue confirmation of the Plan by all available means under Bankruptcy Code section 1129, for so long as this Agreement and the Stock Purchase Agreement are in full force and effect.

4. Agreement to make Adequate Protection Payments to Lenders. As consideration for the agreements herein, XO Management, a guarantor under the Credit Agreement, hereby agrees to pay the fees and expenses of the professionals for the Administrative Agent during the pendency of the Bankruptcy Case, and upon consummation of the transactions contemplated by the Stock Purchase Agreement to make payment in cash to the Lenders of all accrued and

unpaid interest that would have been due to the Lenders under the Credit Agreement notwithstanding the commencement of the Chapter 11 Case.

5. Assignments. Although nothing contained herein is intended to restrict the rights of any Consenting Participants to assign their claims under the Credit Agreement, any assignee may voluntarily agree, in writing, to be bound by the provisions hereof and, upon such assignment and agreement, shall become a "Consenting Participant" hereunder. Any agreement by an assignee to become bound by the terms of this Agreement shall be delivered by the assignor to the Administrative Agent at the time of the applicable assignment.

6. Amendments. Notwithstanding anything else contained herein, this Agreement may be amended, modified and/or changed in any manner by the written agreement of those Consenting Participants holding at least a majority of principal amounts of loans held by the Consenting Participants then holding a claim.

7. Termination. This Agreement may be terminated by any party hereto (except as expressly provided below) by delivery of a written notice to each of the other parties hereto and the Administrative Agent upon the occurrence of any of the following events; provided, however, that such delivery of such written notice by any Consenting Participant shall terminate this Agreement only with respect to such Consenting Participant and not with respect to any other Consenting Participant or the Company if:

- (i) the Company has failed to commence its Chapter 11 Case on or before the tenth (10<sup>th</sup>) business day following the date on which all of the conditions set forth in Section 1 hereof have been satisfied or waived by the parties hereto;
- (ii) the Company has failed to file the Plan and Disclosure Statement, each in a form reasonably acceptable to the Administrative Agent, on or before the second (2<sup>nd</sup>) business day following the Filing Date;
- (ii) the Disclosure Statement has not been approved by the Bankruptcy Court on or before the seventy-fifth (75<sup>th</sup>) day following the Filing Date;
- (iii) the Plan has not been confirmed by the Bankruptcy Court on or before the one hundred and twentieth (120<sup>th</sup>) day following the Filing Date;

- (iv) the Plan has not been consummated by the date on which either Investor has the right, under Section 6.1(b) of the Stock Purchase Agreement, to terminate its own rights and obligations under the Stock Purchase Agreement;
- (v) solely with respect to a termination by any Consenting Participant, and subject to Section 2(c), the Company takes any action inconsistent with (a) this Agreement, (b) effectuating the Restructuring, (c) seeking prompt confirmation of the Plan, or (d) consummating the Investment under the Stock Purchase Agreement, in any case only if such action is materially detrimental with respect to such Consenting Participant as a Lender, or (e) the Bank Amendment Term Sheet;
- (vi) solely with respect to a termination by any Consenting Participant, the Company does not stay in compliance with the Budget;
- (vii) solely with respect to a termination by any Consenting Participant, Consenting Participants holding at least a majority of principal amounts of loans held by the Consenting Participants then holding a claim have agreed, in writing, to terminate this Agreement;
- (viii) solely with respect to a termination by the Company, and subject to Section 2(c), the Consenting Participants take any action materially inconsistent with (a) this Agreement, (b) effectuating the Restructuring, (c) seeking prompt confirmation of the Plan, or (d) consummating the Investment under the Stock Purchase Agreement; or
- (ix) the Stock Purchase Agreement is (a) terminated in accordance with its terms or by order of court or (b) amended or modified in any manner inconsistent with the terms hereof.

8. Corporate Power and Authority. Each of the undersigned parties hereby represents and warrants to each other that it has all requisite corporate power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement.



9. Certain Conditions. In addition to the other conditions to the Consenting Participants' obligations set forth herein, each obligation and liability of the Consenting Participants under this Agreement is conditioned in its entirety upon the truth of the representations and warranties of the Company set forth in the Bank Amendment Term Sheet and made in connection therewith.

10. Not an Amendment or Waiver. Except as expressly provided herein, it is acknowledged and agreed that entering into this Agreement, negotiating with respect to the Credit Agreement or any other action taken by the Steering Committee or any of the Lenders does not constitute a full or partial amendment or waiver of any of such Lenders' rights or remedies under the Credit Agreement or at law or otherwise, and the Lenders hereby reserve such rights and remedies.

11. Entire Agreement. Other than with respect to the Forebearance Agreement, this Agreement, including the Bank Amendment Term Sheet, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter hereof. This Agreement shall not be amended, altered or modified in any manner whatsoever, except by a written instrument executed by the parties hereto.

12. Third Party Beneficiaries. This Agreement is intended solely for the benefit of the parties hereto. No person other than those set forth in the preceding sentence shall have any rights hereunder.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York (without giving effect to the provisions thereof relating to conflicts of law).

14. Remedies. The parties hereto acknowledge and agree that any breach of the terms of this Agreement would give rise to irreparable harm for which money damages would not be an adequate remedy and accordingly the parties hereto agree that, in addition to any other remedies, each party shall be entitled to enforce the terms of this Agreement by a decree of specific performance or injunctive relief without the necessity of proving the inadequacy of money damages as a remedy or posting a bond or other security.

15. Jurisdiction. The parties hereto each hereby irrevocably and unconditionally submit to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any

appellate court from any thereof, in any action or proceedings arising out of or relating to this Agreement, or for recognition or enforcement of any judgment. All claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

16. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together and shall constitute one and the same instrument.

17. Severability. Any term or provision of this Agreement, which is invalid or unenforceable in any jurisdiction, shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first written above.

## COMPANY:


XO COMMUNICATIONS, INC.,  
a Delaware corporation

XO MANAGEMENT SERVICES, INC.,  
a Washington corporation

By:

  
Name: Wayne M. DelFazio  
Title: Senior Vice President,  
Chief Financial Officer

By:

  
Name: Wayne M. DelFazio  
Title: Senior Vice President,  
Chief Financial Officer

**CONSENTING PARTICIPANTS:**

~~Name of Consenting Participant~~ JP Morgan Chase

Amount of Claim: \$ 97,500,000

By:



Name: David E. Oliver  
Title: Vice President

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FROM CHASE SLG

JUN 13 2002 12:42 FR BANK OF AMERICA

212 503 7000 TO 919177772965

P.03/03

**CONSENTING PARTICIPANTS:**[Name of Consenting Participant] **BANK OF AMERICA, N.A.**Amount of Claim: \$ **63,490,000**

By:



Name:

Title:

**H.G. WHEELOCK  
MANAGING DIRECTOR**

JUN-12-2002 WED 03:14 PM

FAX NO.

P. 02

**CONSENTING PARTICIPANTS:**

[Name of Consenting Participant]

FOOTHILL INCOME TRUST, L.P.  
by FIT GP, LLC, its General Partner  
Amount of Claim: \$20,000,000.00

By:



Name: DENNIS R. ASCHER

Title: MANAGING MEMBER

08/12/02 18:15 FAX

EDC

002

**CONSENTING PARTICIPANTS:**

**EXPORT DEVELOPMENT CANADA**

Amount of claim: \$25,000,000.00

By:   
Luisa Rebolledo  
Loan Asset Manager

By:   
Vito Di Turi  
Loan Portfolio Manager

**CONSENTING PARTICIPANTS:**

**MUIRFIELD TRADING LLC**

Amount of Claim: \$ **2,500,000**

By: *Diana L. MUSHILL*

Name:

Title:

**DIANA L. MUSHILL**  
**ASST. VICE PRESIDENT**



JUN 12 2002 3:48 PM FR BANC OF AMERICA 7043880648 TO 919177777312 P.03/03

**CONSENTING PARTICIPANTS:**

**OLYMPIC FUNDING TRUST, SERIES 1999-1**

**Amount of Claim: \$ 5,000,000**

By: *Diana L. MUSHILL*  
Name: **DIANA L. MUSHILL**  
Title: **AUTHORIZED AGENT**

CONSENTING PARTICIPANTS:

TORONTO DOMINION (TEXAS) INC.

Amount of Claim: \$ 62,500,000

By:

*Dyna Chasin*

Name:

Title:

JUN-12-02 10:02 FROM-DEERFIELD CAPITAL

7789801629

T-353 P.002/002 F-201

## CONSENTING PARTICIPANTS:

*SEQUUS - Cumberland I, Ltd.*  
[Name of Consenting Participant] *By: Deerfield Capital Management LLC*  
*as its Collateral Manager*

Amount of Claim: \$ *7,500,000 TERM LOAN B*

By:

*Mark E. Wittnebel*  
Name: *MARK E. WITTNEBEL*  
Title: *SR. VICE PRESIDENT*

TOTAL P.03

**CONSENTING PARTICIPANTS:**

**Barclays Bank PLC**

Amount of Claim: \$62,500,000 plus interest

By: 

Name: Arthur J. O'Neil

Title: Director

JUN 11 2002 14:30 FR CITIBANK IRM

212 793 8642 TO 91917777312

P.02/02

**CONSENTING PARTICIPANTS:**

[Name of Consenting Participant]

**CITIBANK, N.A.**

Amount of Claim: \$45,000,000.

By:

Name:

Title:

**JAMES J. SHERIDAN****Vice President and****Managing Director.****06-11-02**

## CONSENTING PARTICIPANTS:

[Name of Consenting Participant]

Amount of Claim: \$

By:

Name:

Title:

CREST Lyonnais New York Branch  
35,000,000 plus other identifies  
Lionel Forcett  
VP

**LENDERS:**

[Name of Lender] *Credit Suisse First Boston*

Amount of Claim: \$ *28,000,000.00*

By.

*[Signature]*  
Name:  
Title:

**DAVID L. SAWYER**  
**DIRECTOR**

*[Signature]*  
First Grand  
Director

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NO. 2637 P. 2

CREDIT SUISSE FIRST BOSTON

JUN. 11. 2002 3:02PM

**CONSENTING PARTICIPANTS:**

**DEUTSCHE BANK TRUST COMPANY AMERICAS**

**Amount of Claim: \$50,000,000.00**

By:   
Name: \_\_\_\_\_  
Title: **Anca Trifan**  
**Director**



JUN-12-2002 09:54

TEMPLETON

16503123346

P. 02/02

**CONSENTING PARTICIPANTS:**

[Name of Consenting Participant]

**\$10.5mm Franklin Floating Rate Trust**

Amount of Claim: \$

By:



**\$10.5mm Franklin Floating Rate Master Series**

Name:

Title: **Richard D'Addario**

**Vice President**

JUN 11 2002 12:34 FR

TO 91917777312

P.03

**CONSENTING PARTICIPANTS:**

[Name of Consenting Participant]

**THE BANK OF NOVA SCOTIA**

Amount of Claim: \$50,000,000

By:   
Name: OLIVIA L. BRAUN  
Title: DIRECTOR